

**Exhibit A**

**Excerpts of the Deposition (Redacted)**

1                   ALFONSIN HIGHLY CONF'L  
2       of directors?

3                   MR. HERRINGTON: Object to the  
4       form.

5       A.       I don't know that  
6       specifically. I should refer to my  
7       lawyers.

8       Q.       All right. Let's go ahead and  
9       go to the deposition notice now.

10                  MR. HERRINGTON: Just to  
11       confirm, we're moving out of the  
12       individual deposition and into the  
13       30(b)(6) and that's where we'll end  
14       up.

15                  MR. BASSETT: I'm not going to  
16       confirm that. I reserve my right to  
17       move back and others may have  
18       questions. So you can reserve your  
19       rights as well.

20                  MR. HERRINGTON: In your  
21       questioning I would object to you  
22       going back and forth. That's  
23       confusing to the witness and not  
24       fair.

25                  MR. BASSETT: Your objection

1                   ALFONSIN HIGHLY CONF'L

2                   is noted. Thank you.

3                   THE WITNESS: Can you reorient  
4                   me to which document I must open?

5                   MR. FARMER: It's Exhibit 10.  
6                   There's a duplicate of Exhibit ask  
7                   1.

8                   THE WITNESS: Exactly. I see it  
9                   now. Thank you, sir. Are.

10                  A. I have it now, Mr. Bassett.

11                   (Alfonsin Exhibit 10, Notice  
12                   of Deposition was received and  
13                   marked on this date for  
14                   identification.)

15                   MR. FARMER: It was BAES  
16                   Exhibit 1 but there was already a  
17                   Committee Exhibit 1, so I remarked  
18                   the same Exhibit 10. So it should  
19                   be in numerical order and the stamp  
20                   reflects BAES.

21                   MR. HERRINGTON: The file that  
22                   we should open is Exhibit 1.

23                   THE WITNESS: Exhibit 10, no?

24                   MR. BASSETT: Exhibit 10.

25                   MR. HERRINGTON: I'm not

1                   ALFONSIN HIGHLY CONF'L

2                   seeing a pdf saying Exhibit 10.

3                   Okay. I see it now.

4                   Q.       Mr. Alfonsin, have you seen  
5                   this document before?

6                   A.       I think not. Not this  
7                   specifically.

8                   Q.       Mr. Alfonsin, do you  
9                   understand generally that you are here  
10                  today to testify as a representative of  
11                  the debtors concerning the topic listed  
12                  on page 2, Topic 2 of this document?

13                  A.       Yes, sir.

14                  Q.       First, let me just ask you,  
15                  earlier Mr. Doluisio asked you some  
16                  questions concerning your preparation for  
17                  this deposition.

18                         Did you do anything in  
19                  addition to what you testified to earlier  
20                  to prepare as the debtors' corporate  
21                  representative on this topic?

22                  A.       Not that I recall.

23                  Q.       Now, Mr. Alfonsin, generally  
24                  you understand that the backstop  
25                  agreement, both backstop agreements

1                   ALFONSIN HIGHLY CONF'L

2       contain conditions precedent, including  
3       those in section 7.1(e) and (f) of the  
4       agreements, correct?

5           A.       Yes, sir.

6           Q.       And do you generally  
7       understand that if a condition precedent  
8       is not satisfied, the backstopping  
9       shareholders or the Commitment Creditors,  
10      as applicable, will no longer have an  
11      obligation to fund and consummate the  
12      transactions contemplated by the backstop  
13      agreements?

14          A.       In general terms, yes.

15          Q.       Earlier you mentioned, I  
16      believe, that one of the reasons why the  
17      debtors were paying a fee to the parties  
18      to the backstop agreements was to  
19      compensate them for the risk involved in  
20      making their commitments in an uncertain  
21      industry and environment. Is that  
22      generally correct?

23                   MR. HERRINGTON: Object to the  
24      form.

25          A.       There is -- there is an

1                   ALFONSIN HIGHLY CONF'L  
2       uncertainty in the industry that affects  
3       the potential attractiveness of the  
4       instruments that we were discussing.

5           Q.       And would you agree with me  
6       that a condition precedent that would  
7       allow, as we just discussed, these  
8       parties to not consummate the  
9       transactions called for by these  
10      agreements under certain circumstances  
11      would reduce the risk that they are  
12      undertaking?

13                   MR. HERRINGTON: Object to the  
14       form.

15       A.       Can you simplify the question?

16       Q.       Would you agree with me  
17      generally that these conditions precedent  
18      would serve to reduce the risk that the  
19      backstop shareholders and Commitment  
20      Creditors are assuming under the backstop  
21      agreements?

22                   MR. HERRINGTON: Object to the  
23       form.

24       A.       It is my understanding that  
25      they -- they have conditions to fund, if

1                   ALFONSIN HIGHLY CONF'L  
2       there is a severe impact in the company,  
3       which in my mind is different to  
4       committing equity into a company based on  
5       a long term plan. I think there are  
6       different moments of uncertainty when you  
7       look at the company six months from now  
8       or when you look at the company four  
9       years or five years down the line. The  
10      backstop commitment, you're committing  
11      equity when you look at the company in  
12      the longer, in the longer term.

13           Q.       I'm just asking you, if there  
14      are conditions precedent that would allow  
15      the parties to the backstop agreements to  
16      not have to fund under certain  
17      circumstances, that that serves to reduce  
18      the risk they are undertaking?

19                   MR. HERRINGTON: Object to the  
20      form.

21           A.       Again, for me it's -- it's  
22      different, no? It's the risk they are  
23      undertaking is committing capital, first  
24      in the form of a Convert C that will be  
25      equity afterwards for a company that you

1 ALFONSIN HIGHLY CONF'L

2 think will -- will have a specific value.

3 And that is the risk that they are  
4 committing to.

5 In the short term there are  
6 conditions precedent to funding. If  
7 there is a severe impact to the industry  
8 then there is a condition precedent for  
9 funding but there are risks, two separate  
10 risks in my mind, as I understand.

11 Q. Let's look at section 7.1(e).  
12 Let's focus on 7.1(e) of the backstop  
13 agreements.

14 A. Yes, sir.

15 Q. Can you just give me your  
16 general understanding of what this --  
17 what this condition provides for?

18 MR. HERRINGTON: Object to the  
19 form.

20 A. It's a provision that looks at  
21 as of the date, five business days prior,  
22 from closing date, it looks at the  
23 forward bookings for the next 30 days and  
24 compares to a threshold that we have  
25 negotiated.



1                   ALFONSIN HIGHLY CONF'L

2                   Q.       And what are forward bookings?

3                   A.       Forward bookings are the -- in  
4       this case, they are defined in an  
5       exhibit. It's the number of tickets that  
6       the company has received as bookings for  
7       the next 30 days of flying.

8                   Q.       And that's generally compared  
9       to a threshold based on bookings that  
10       existed for the same months in 2019; is  
11       that generally correct?

12                  A.       That is generally correct.

13                  Q.       By the way, do you know the  
14       origin of this provision, how it  
15       initially became part of the agreement?

16                  A.       I don't recall it  
17       specifically. I think they wanted -- let  
18       me think.

19                         MR. HERRINGTON: Let me again  
20       caution the witness. It's okay to  
21       give general responses but this is  
22       all negotiated through the  
23       mediation. So just be careful  
24       you're not disclosing specific  
25       conditions in the mediation.

1                   ALFONSIN HIGHLY CONF'L

2           A.       I don't recall the original  
3 ask, Mr. Bassett. But they were asking  
4 for a commitment that we didn't want to  
5 give and we feel comfortable with the  
6 commitment that we are giving here, this  
7 condition precedent that we have included  
8 in the backstop.

9           Q.       But this condition was  
10 something that was requested by the  
11 Commitment Creditors?

12          A.       They requested a different  
13 condition that, I don't recall at this  
14 moment, that we didn't consider it  
15 acceptable.

16                   MR. HERRINGTON: Actually, let  
17 me clarify. I think this was after  
18 the mediation period has ended. So  
19 I don't want to confuse the  
20 witness, but to the extent anything  
21 happened during the mediation, that  
22 should be protected.

23          Q.       Have the debtors conducted any  
24 analysis of the likelihood of this  
25 condition here in 7.1(e) being satisfied

1 ALFONSIN HIGHLY CONF'L

2 at the time of closing?

3 A. We looked at our business plan  
4 and we looked at the perspective of  
5 meeting this parameter in the months of  
6 2022.

7 Q. And what did the debtors  
8 conclude?

9 A. We think that, although it's  
10 an uncertain environment, not only on the  
11 long term but also in the short term, we  
12 believe that that is a low probability  
13 scenario not to be able to meet this  
14 parameter.

15 Q. When you say "low probability  
16 scenario", what do you mean by that?

17 A. It feels that today, sitting  
18 down with you today, I feel confident  
19 that we will meet this condition  
20 precedent.

21 Q. Do you think there's a greater  
22 than 50% chance that --

23 MR. HERRINGTON: Object to the  
24 form.

25 Q. -- that this condition will be

1 ALFONSIN HIGHLY CONF'L

2 met during any month in 2022?

3 A. This is --

4 MR. HERRINGTON: Object to the  
5 form.

6 A. This is an extremely volatile  
7 industry, fuel prices today are  
8 skyrocketing, demand is impacted by  
9 Omicron. I can't tell you with certainty  
10 how things are going to look in June or  
11 September next year but I think that  
12 today I feel very comfortable that we can  
13 meet this parameter.

14 Q. Just to be clear, did the  
15 debtors ever put a specific probability  
16 on the ability to satisfy this condition?

17 A. Not that I recall.

18 Q. Did the debtors consider the  
19 impact that the emergence of a new COVID  
20 19 variant could have on their ability to  
21 meet this condition?

22 A. We considered everything and  
23 different scenarios and assumptions.

24 Q. How would the emergence of a  
25 new COVID 19 variant affect your

1                   ALFONSIN HIGHLY CONF'L  
2       confidence in this condition being  
3       satisfied?

4                   MR. HERRINGTON: Object to the  
5       form.

6                   A.       It depends on the impact that  
7       that variant will have and how severe it  
8       is and how it is impacting the market --  
9       the market, the government restrictions  
10      that are established due to that variant.  
11      It depends very much.

12                  Q.       Did the debtors look back and  
13      determine how often this condition would  
14      have been satisfied using historical 2021  
15      numbers?

16                  A.       We looked more at 2022.  
17      Comparing 2021 or 2020 with 2022, is -- I  
18      don't believe is a good comparison.

19                  Q.       Why not?

20                  A.       For instance, the company was  
21      operating, I don't know, maybe 25% of its  
22      capacity in 2021. In certain months now  
23      we're operating over 65% of our capacity.  
24      PBH agreements that provide us  
25      flexibility to shrink capacity in 2021

1                   ALFONSIN HIGHLY CONF'L  
2       are now no longer available from half of  
3       2022 onwards. So the restrictions of  
4       operations are much more limited. The  
5       competitive landscape has a completely  
6       different scenario than past year, fuel  
7       prices are \$30 more than what they were  
8       in 2021.

9                   It is a completely different  
10      scenario what you're looking at and the  
11      market that we are seeing in 2022 than  
12      what we saw in 2021.

13           Q.       Do you know, sitting here  
14      today, approximately what -- what  
15      percentage of days in 2021 this condition  
16      would have been satisfied?

17           A.       Again, the company was  
18      operating during the second half and  
19      beginning of the year less than 40%.  
20      Remember that we had an impact in 2021 of  
21      what we call the second or third wave in  
22      Latin America that reduced our  
23      operations.

24                   Today we're operating over 65%  
25      of the capacity and we no longer have the

1                   ALFONSIN HIGHLY CONF'L  
2 flexibility to reduce our operations from  
3 the second half onwards because of the  
4 PBH agreements that were negotiated and  
5 the stipulations on those paragraphs. So  
6 it's not comparable to look at 2021  
7 vis-à-vis 2022.

8           Q.       Does it sound generally  
9 correct to you that LATAM would not have  
10 satisfied this metric on approximately  
11 half of the days of last year?

12                   MR. HERRINGTON: Object to the  
13 form.

14           A.       Again, I don't think it's an  
15 adequate comparison. You're comparing a  
16 company that operated 25% with a company  
17 that operates over 65%.

18                   So when you look at your  
19 forward bookings, if you operate more,  
20 you have more forward bookings. And you  
21 are comparing to a baseline that is  
22 between 45 to 60% of 2019 levels. So the  
23 closer you get to that operation, the  
24 more likelihood you have of meeting the  
25 target.

1                   ALFONSIN HIGHLY CONF'L

2                   So you cannot compare 2021 to  
3                   a threshold in 2019 and ask me if it's  
4                   reasonable that I compare to 2021 or  
5                   2022. I think it's reasonable to look at  
6                   2022 because of the operations that we're  
7                   having in 2022.

8                   Q.       I understand that you do not  
9                   think it's an adequate comparison. That's  
10                  not the question that I'm asking.

11                  I'm just asking, do you  
12                  understand that this condition would not  
13                  have been satisfied on approximately half  
14                  of the days in 2021?

15                  MR. HERRINGTON:   Object to the  
16                  form.

17                  A.       I understand the question and  
18                  I'm telling you that that's not the way  
19                  to compare it. Because if I was standing  
20                  in 2021 I would have asked for a  
21                  different threshold vis-à-vis 2019,  
22                  because the sizing of the company was  
23                  completely different.

24                  MR. BASSETT:   All right. Will,  
25                  can you please mark tab 93?



1                   ALFONSIN HIGHLY CONF'L

2                   (Alfonsin Exhibit 11, Excel  
3                   spreadsheet: Forward Net Booking  
4                   Threshold, Bates BE2\_00010970 was  
5                   received and marked on this date  
6                   for identification.)

7                   THE WITNESS: You let us know.

8                   MR. FARMER: It's the Excel  
9                   file. It's Exhibit 11.

10                  A. I have it here, sir.

11                  Q. I will represent to you that  
12                  this is a document that was produced to  
13                  Banco Estado in discovery.

14                         When you open it up I'm going  
15                  to start by asking you if you've seen  
16                  this before?

17                  A. No, sir.

18                  Q. Do you see that it has a list  
19                  of dates on the column A, column B has  
20                  Actual Net Bookings, and then there are  
21                  other columns and then column G is Net  
22                  Bookings Threshold. Do you see that?

23                  A. Yes, sir. My column G is in  
24                  blank, the one I'm seeing.

25                  Q. If you scroll down,

1                   ALFONSIN HIGHLY CONF'L

2       Mr. Alfonsin, if you scroll down to --  
3       let's scroll down to 2021.

4           A.       I am in 2021.

5           Q.       Okay. And Mr. Alfonsin, you  
6       say you have not seen this document. Do  
7       you recall the company creating any sort  
8       of analysis like this?

9           A.       We're looking at for the net  
10      forward bookings, Mr. Bassett? Sorry, net  
11      forward bookings?

12          Q.       Yes.

13          A.       Yes. We looked at 2022 more in  
14      detail, which is the monthly data that  
15      we're concerned with in order to meet the  
16      condition precedent.

17          Q.       But would you agree with me  
18      that this document also contains  
19      historical data as to the net bookings  
20      threshold, including for 2021?

21          A.       Yes.

22          Q.       And if one -- and look, I  
23      agree that you do not think 2021 is an  
24      adequate comparison, but would you just  
25      agree with me, just so I understand how

1                   ALFONSIN HIGHLY CONF'L  
2       the forward net bookings calculation  
3       works under the agreement, that what you  
4       would do to see if it was satisfied is to  
5       compare what is in column B, as in boy,  
6       to what is in column G?

7           A.       No, sir. We compare not 2021.  
8       I would compare 2022.

9           Q.       I understand that. For the  
10      sake of just humor me, if you were  
11      applying it to 2021, the way you would do  
12      the calculation would be to look at what  
13      is in column B and compare it to column  
14      G, correct?

15          A.       Mr. Bassett, I'm not  
16      calculating this based on 2021. The  
17      metric is clear, it's in an exhibit. It  
18      is based on the months of 2022, which the  
19      operation of the company --

20          Q.       Okay. If you were -- if you  
21      were to do it for 2022, and we had the  
22      same chart, I'm just trying to understand  
23      how you would look at the way 7.1(e) of  
24      the agreement operates. If all of these  
25      dates here were from 2020 instead of

1 ALFONSIN HIGHLY CONF'L

2 2021, I'm just asking you, would you  
3 compare what's in column B to column G to  
4 determine whether the condition has been  
5 met?

6 MR. HERRINGTON: Object to the  
7 form.

8 A. I don't know this Excel. I  
9 would take the exhibit, and we made an  
10 example to the exhibit so it is friendly  
11 and we can explain it and there is no  
12 discussion on how this is being  
13 calculated, and I can walk you through  
14 the exhibit to explain how it is  
15 calculated.

16 I don't know what formulas are  
17 here on column G and I don't know -- and  
18 what I'm seeing here is 2021. So that is  
19 not the analysis that we will be doing  
20 under the conditions to funding.

21 Q. I believe we discussed this  
22 before. The agreement contemplates in  
23 section 7.1(e) a comparison between  
24 actual net bookings and the net bookings  
25 threshold, correct?

1                   ALFONSIN HIGHLY CONF'L

2           A.       Yes, sir.

3           Q.       Thank you. Mr. Alfonsin, did  
4   the inclusion of section 7.1(e) in the  
5   agreement have any impact on the backstop  
6   fee or other compensation that LATAM was  
7   willing to provide to the backstop  
8   parties?

9                   MR. HERRINGTON: Object to the  
10   form.

11          A.       The backstop agreement was  
12   negotiated, again, with -- it's a very  
13   complex agreement, it has lots of  
14   interrelated parts, so it was negotiated  
15   as a whole.

16          Q.       So what's the answer to my  
17   question, yes or no?

18                   MR. HERRINGTON: He just  
19   answered your question. Objection.

20          A.       My answer stands.

21          Q.       Mr. Alfonsin, section 7.1(f)  
22   of the agreement contains a minimum  
23   liquidity condition precedent; is that  
24   correct?

25          A.       Yes, sir.

1                   ALFONSIN HIGHLY CONF'L

2                   Q.       What can you tell me about the  
3                   origin of this agreement?

4                   MR. HERRINGTON:   Object to the  
5                   form.

6                   A.       I think this was included on  
7                   the first draft submitted by Evercore  
8                   with different, with different thresholds  
9                   and it was a point that we negotiated  
10                  extensively also.

11                  Q.       Have the debtors conducted any  
12                  analysis of the likelihood of this  
13                  condition being satisfied at closing in  
14                  2022?

15                  A.       We looked at our business plan  
16                  and we considered the 2022 that we were  
17                  seeing and we concluded that we think  
18                  there is also in this case a very low  
19                  probability of not being able to deliver  
20                  these liquidity levels.

21                  Q.       And when you say "low  
22                  probability", did the debtors put any  
23                  percentage on that probability?

24                  A.       No, sir.

25                  Q.       Did the debtors consider how

1                   ALFONSIN HIGHLY CONF'L  
2       that probability might be impacted by the  
3       emergence of a new COVID 19 variant in  
4       2022?

5           A.       We looked at how the financial  
6       markets were looking, we looked at our  
7       demand, we looked at our -- at how we  
8       were seeing 2022, we looked at the fuel  
9       prices, we looked at the general market  
10      environment and we feel reasonably  
11      comfortable with this, with these levels  
12      and this condition to fund.

13          Q.       Do you have any understanding,  
14      Mr. Alfonsin, as to whether or not the  
15      conditions set forth in 7.1(e) and (f) of  
16      the agreement are common in backstop  
17      arrangements?

18                   MR. HERRINGTON:   Object to the  
19                   form.

20          A.       I'm more familiar with  
21      covenants in the financial markets and  
22      underwritings. I would say liquidity is  
23      a covenant that we are used to seeing in  
24      the financial markets. In fact, we have  
25      certain facilities in LATAM that have

1                   ALFONSIN HIGHLY CONF'L

2       that covenant of liquidity.

3                   Forward booking is probably  
4       one that we normally don't -- don't have  
5       but I understand that going through a  
6       pandemic, it's a condition that is  
7       reflected after the negotiation.

8           Q.       Are you aware of any other  
9       backstop agreement that has contained a  
10      condition precedent similar to that set  
11      forth in section 7.1(e)?

12                   MR. HERRINGTON: Object to the  
13      form.

14           A.       I'm not familiar with other  
15      backstop agreements, per se. I'm  
16      familiar with covenants and  
17      underwritings.

18           Q.       Did you ask your advisors  
19      whether or not these two conditions  
20      precedent are consistent with those in  
21      other agreements?

22                   MR. HERRINGTON: Object to the  
23      form.

24           A.       We reviewed the backstop  
25      agreement holistically with our advisors.



1                   ALFONSIN HIGHLY CONF'L

2       And a foreign airline in Latin America  
3       during the pandemic, with these amount of  
4       funds being committed, for this period of  
5       time of more than eight months, we  
6       concluded it was reasonable to include it  
7       with this level of thresholds that we  
8       were very comfortable that we could meet.

9                   MR. BASSETT: Can we take a  
10       quick break and I can regroup and  
11       see what I have left?

12                  MR. HERRINGTON: Sure.

13                  (Recess is taken.)

14                  MR. BASSETT: Mr. Alfonsin, I  
15       do not have any additional  
16       questions right now, but Banco  
17       Estado does reserve the same rights  
18       as the Committee with respect to  
19       continuing this deposition as  
20       necessary after the debtors have  
21       completed the production of  
22       documents that the court has  
23       ordered the debtors to produce.

24                  MR. HERRINGTON: Again, we  
25       disagree and reserve our rights. We

1 ALFONSIN HIGHLY CONF'L

2 hear you.

3 THE WITNESS: Thank you,  
4 Mr. Bassett.

5 MR. BASSETT: Thank you.

6 MR. FRANCISCOVICH: This is  
7 Rob Franciscovich from Arnold &  
8 Porter for the Ad Hoc Group of  
9 Unsecured Creditors.

10 I don't have any questions  
11 right now but I reserve the same  
12 rights that Mr. Bassett just  
13 expressed, just for the record.

14 MR. HERRINGTON: Understood.  
15 Again, we reserve our rights. Okay.  
16 Great. Does that mean we are done?

17 MR. DOLUISIO: We are done for  
18 today.

19 MR. HERRINGTON: All right.

20 (The proceedings were  
21 adjourned at 4:00 p.m.)

22

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